Previous references.
B. 19-13 SS. 37 & 38
" — " — 30, 35 & 36.
B. 12-14 SS 17-18.
B. 19-13 SS. 49 & 50.
Later references.
F. 40-16 (24, 31, 32, 33)

1913-14
(S. of F.)

File No. 58-15
Serial Nos. 1

P. 162 E

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B. for August 1915

SUBJECT

Bank of Mysore Ltd.

Sl. 1. To
The manager, Mysore Bank Ltd.
No. Fl. 965 Dt 27-8-1915.
In continuation of Fl 873/B 19-13-58
Dated 26-8-14, states that the rate of int
on interest bearing deposit left by Govt. with
the Bank may continue at 3 p.c. per annum
for another year from 1st May 1915.

Fl. 966 Dt 27-8-15.
Copy to the Comptroller for information
in continuation of his
9-12-1915.

G. R. S. 58

QRB—4,000—4-7-11

1915-16 1831

G. R. S. 11] ~~1914-15~~

GENERAL AND REVENUE SECRETARIAT.

~~Banking~~ Gl Finance

NOTES.

File No 12 55-03

FILE HEADING.

Bank of Bengal D

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

Y

1. Extract from the financial secretary's note on page 4 of Banking File 12-44 Sl 17 in the matter of payment to ~~the balances~~ the Bank of Bengal of

NOTES—First Sheet.

1560.

GPB—20,000—3-2-14

Serial No.

has agreed to ~~lend~~ deposit with the Bank a minimum ~~sum~~ of half equal to half the paid up capital, not exceeding five lakhs, at a reasonable rate of interest ie not less than 3%, if required by the Bank.

The rate of interest has been fixed at 3% for one year from 1st May 14.

The file put up shows that the Bank wanted the rate of interest to be regarded as fixed for the whole period of ten years and not as liable to alteration from year to year. It is therefore doubtful if the Bank will appreciate the rate being raised now. But in

(1) view of the fact that Govt has got to borrow money in the near future at 4½% & 6-6-4% ~~etc~~. to ~~reduce Bank~~ rate being 8% it is for consideration if it is wise to borrow money at this high rate to lend it to the Bank at 3%.

Further the Bank rate is high and when Govt of India lend to Presidency Banks on special occasions they insist on

(2) the rate of interest equal to at least the Bank rate. It is therefore for orders

NOTE—Contn. sheet.

GPB—25,000—22-3-15

1631

4

Serial No.

If the rate of interest should not be raised to the Madras Bank rate @ 6%.

It may be noticed that the Bk. of Bank can return the deposit if it does not care to pay interest at this rate but Govt. cannot ask for the return of the deposit but can only apply pressure indirectly by raising the rate of interest

Dewan) 5 Considering all circumstances of the coming year, I think that after the lapse of one year for which the rate was fixed at 3%, i.e. from 1.5.1915, the rate of interest on the 5 lakhs of interest bearing deposit should be fixed at @ 4 per cent.

6.7.82 / 20.4.15

Dewan) 6 The rate of interest, at 3 per cent, may be continued for another year.

7 In the meantime, the question as to why the actual rate of interest realized from our investments in the Government of India paper, should not be adopted as the prevailing rate, for a term of 5 years, may be considred and discussed if necessary in Council. A note may kindly be submitted on this point.

NOTE—Contn. sheet.

GPB—10,000—13-6-14

1701

1.5.15

Dewan) For perusal & return for putting

Serial No.

I respectfully beg to differ from the view that 3% would be a fair rate for the interest bearing 5 lakhs deposit during the second year commencing May 1915.

Investment in rupee-paper is liquid — it can be realized at any moment by sale of or loan on the paper. A deposit in a bank for 5 or 10 years is money locked up. For this reason interest in the latter case should be higher.

M

4/5

7109
5-5-15

Dewan

Please calculate what the difference will be between my proposal and that of the Financial Secretary for the next one year and five years respectively and bring up at the next meeting of Council.

6.5.15. AG

Resr. proposes rate to be 4% for and Dewan at 3% per next year. Taking the capital at 5 lakhs the difference between the two rate will be 5000 Rs. for one year. The actual rate of interest got on all our investments is between 3½ & 3¾% say 3.60% Instead of 4% this rate is adopted for five years the difference will be 5 x 2000 or Rs 10,000

Resr.

1752

P.J.G

S.J.C.

NOTE—Contn. sheet.

GPB—25,000—2-11-14

R. S. 12]

General and Revenue Secretariat. File No. 58 of 191 5.

Serial No.

The real difference is much more when we take into account the fact that the investment is liquid in one case and fixed in the other.

Dewan) 10/5/15

7252
11.5.15.

B Seen. May be brought up at a meeting as already directed.

(Ghosal) 13/5/15

C.S
15/5/15.

NOTE—Contn. sheet.

GPB—25,000—2-11-14

GPB—1,000—19-7-13

7

Extract from the Proceedings of the 352nd Meeting of the Council of His Highness the Maharaja, held at Bangalore on the 14th & 17th June 1915.

8. SUBJECT. - (Outside the Schedule).

Fixing the rate of interest payable on the Government deposits with the Bank of Mysore.

OPINION OF THE COUNCIL.

The rate of interest may be 3 per cent per year for another year.

Sd. M.VISVESVARAYA,
Dewan of Mysore.

"Extract"

D. M. Narasinga Rao 2/6
Offg.Secretary to Government.

[G. R. S. 12]

General and Revenue Secretariat.

File No. 58 of 1915.

Serial No.	
	proposition [illegible] 22/6
7995 24-6-15	21 Submitted to the Dewan with a draft submission note. Dewan Dewan 24/6

NOTE—Contn. sheet.

GPB—25,000—22-3-15

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Rate of interest to be recovered from the Bank of Mysore on the five lakhs of interest-bearing deposit of the Government of Mysore.

151

Order.

~~K R M~~

7/8/15

Secretary

8.8.15

9/8

Put up draft letter to Bank intimating sanction of rate 3% for another year by 1928

Recd

Submitted to His Highness.

Flag X

In paragraph 4 (i) of the Government Order dated the 12th March 1913, Government agreed to deposit in the Mysore Bank a sum equal to half the paid up capital not exceeding five lakhs at a reasonable rate of interest, that is, not less than 3 per cent per annum. Subsequently, in

Flag Q

D.O.letter No.Fl.873 dated the 26th August 1914, the Bank was informed that Government retained the right of fixing the rate of interest from year to year and that for one year from 1st May 1914, the rate at 3% would be in force.

2. The period of one year having expired, the rate for the next year has now to be determined.

Page 4 of office note

3. The Financial Secretary is of opinion that considering all circumstances of the coming year, the rate of interest on the 5 lakhs of interest-bearing deposit in the Bank should be fixed at 4 per cent. On the question of adopting the actual rate of interest realized from our own investments in the Government of India paper as the prevailing rate for five years, which would be about 3.60%, he states that while investment in rupee paper is liquid and realizable at any moment, the deposit in the Bank for five or ten years is money locked up.

Page 5 of office note

Page 7 of office note.

4. The matter was considered in the Council on the 17th June 1915. The Council are of opinion that the rate of interest may be 3 per cent for another year.

Page 8 of office note.

5. The Financial Secretary still thinks that as the Government in all probability will have to borrow money during 1915-16 at 5 per cent, 3 per cent will not be an adequate rate. But it has since been arranged to borrow at a lower rate.

Page 5 of office note.

6. The actual difference between the rate recommended by the Council and that proposed by the Financial Secretary on 5 lakhs for one year is calculated to be Rs.5,000. As the Mysore Bank is still in its infancy and needs all the help that Government can render, the opinion of the Council may be approved.

Page 7 of office note

7. It is not sound policy to stint help to an infant institution which, young as it is, has already established a claim on Government by the service it has done to the trade of the State since the war began.

M. Visvesvaraya -

3rd May 1915 -

BR

283 7 mis 1921 arch

G. R. S. 12]

General and Revenue Secretariat.

B & GI Finance

File No. 58 of 1915.

	Serial No.	
		37
		Fair draft submitted for approval.
		Dated 4/8/1915 (Yesterday) 12-8-15
248		
		23/8
		28 Issued 19
	1	To The Manager, Bank of Mysore Ld
		No H 965 dated 27.8.1915
		In continuation of
		H 873/B19-13-50 dated 26.8.14
		States that the rate of interest
		on interest bearing deposits left
		by Govt. with the Bank may continue
		at 3 p.c. per annum for another
		year from 1st May 1915
		H 966 dated 27.8.15
		Copy to the Comptr for
		information
B Hons		

NOTE—Contn. sheet.

*GPB—25,000—30-4-15.

Fair draft

15

G. R. S. 26]

File No.

Serial No.

Diary No. of letter replied to

No. 2965

238

General and Revenue Secretariat

( )

, *the* 191 .

To

Date of issue 27 August/15

Signed by W J S Chakravarti

Dear Mr Rose

In continuation of H 873/B.19-13-50 & 26.8.14 I am directed to state that the rate of interest on the interest bearing deposit left by Govt with the Bank may continue at 3 p.c per annum for another year from 1st May 1915

Yours faithfully

23/8

Secretary.

Over.

SUBJECT.

W. C. Rose Esq
Manager Bank of Bengal

No 70966
& 27-8-15 Copy to Comptroller

12/8

CWL 25/8/15